

Puerto Rico Electric Power Authority
Determination of Total Revenue Requirement and Change in Base Rates
(Thousands of Dollars)

| Line No. | Description | PREPA Proposed Structure FY2017 (A) | Revised Fuel Forecast | Reclassify LTSA to Opex | Add'l Opex for Safe & Reliable | Bad Debt due to total Rev Req | Move to CEPR cost to CILT & Sub | Reduction for AOGP | Move to DSC Account for Coverage | Change in Rev Req & Deficiency | CEPR Final Order Resolution FY2017 (F) |
|----------|---|-------------------------------------|-----------------------|-------------------------|--------------------------------|-------------------------------|---------------------------------|--------------------|----------------------------------|--------------------------------|--|
| 1 | Operating Expenses | | | | | | | | | | |
| 2 | Fuel | \$ 655,968 | \$ 461,305 | | | | | | | | \$ 1,117,273 |
| 3 | Purchased Power | \$ 819,907 | | | | | | | | | \$ 819,907 |
| 4 | Fuel & Purchased Power Pass Through | \$ 1,475,875 | \$ 461,305 | | | | | | | | \$ 1,937,180 |
| 5 | | | | | | | | | | | |
| 6 | Generation Expenses | \$ 122,411 | | \$ 16,000 | \$ 14,549 | | | | | | \$ 152,960 |
| 7 | Transmission Expenses | \$ 34,222 | | | \$ 3,914 | | | | | | \$ 38,136 |
| 8 | Distribution Expenses | \$ 169,277 | | | \$ 19,004 | | | | | | \$ 188,281 |
| 9 | Customer Billing Expenses | \$ 84,945 | | | \$ 389 | | | | | | \$ 85,334 |
| 10 | Administrative and General Expenses | \$ 148,897 | | | \$ (16,602) | | | | | | \$ 132,295 |
| 11 | Bad Debt Expense | \$ 85,384 | | | | \$ 13,100 | | | | | \$ 98,484 |
| 12 | Energy Administration Assessment | \$ 5,800 | | | | | \$ (5,800) | | | | \$ - |
| 13 | Subtotal Operating Expenses | \$ 2,126,811 | \$ 461,305 | | | | | | | | \$ 2,632,670 |
| 14 | | | | | | | | | | | |
| 15 | Subsidies | | | | | | | | | | |
| 16 | Energy Administration Assessment | \$ - | | | | | \$ 5,800 | | | | \$ 5,800 |
| 17 | Contribution to Municipalities (CILT) | \$ 51,784 | | | | | | | | | \$ 51,784 |
| 18 | Public Lighting | \$ 93,241 | | | | | | | | | \$ 93,241 |
| 19 | Special Customer Subsidies | \$ 75,071 | | | | | | | | | \$ 75,071 |
| 20 | Subtotal Subsidies | \$ 220,096 | | | | | \$ 5,800 | | | | \$ 225,896 |
| 21 | | | | | | | | | | | |
| 22 | Debt Service (Principal & Interest) | \$ 314,390 | | | | | | | | | \$ 314,390 |
| 23 | Debt Service Coverage | | | | | | | \$ 125,756 | | | \$ 125,756 |
| 24 | Subtotal Debt Service and Coverage | \$ 314,390 | | | | | | \$ 125,756 | | | \$ 440,146 |
| 25 | | | | | | | | | | | |
| 26 | Ratepayer Funding of Capital Expenditures | \$ 336,558 | | \$ (16,000) | | | | \$ (41,340) | \$ (125,756) | | \$ 153,462 |
| 27 | | | | | | | | | | | |
| 28 | Subtotal PREPA Non-F&PP Base Rate Revenue Re | \$ 2,997,855 | \$ 454,319 | | | | | | | | \$ 3,452,174 |
| 29 | | | | | | | | | | | |
| 30 | Revenue and Other Income | | | | | | | | | | |
| 31 | Other Income | \$ (38,925) | | | | | | | | | \$ (38,925) |
| 32 | Fuel and Purchased Power Pass Through Revenue | \$ (1,475,875) | \$ (461,305) | | | | | | | | \$ (1,937,180) |
| 33 | CILT and Subsidy Pass Through Revenue | \$ (220,096) | | | | | \$ (5,800) | | | | \$ (225,896) |
| 34 | Non-Fuel Base Rate Revenue at Current Rates | \$ (1,078,387) | | | | | | | | | \$ (1,078,387) |
| 35 | Subtotal Revenue and Other Income | \$ (2,813,283) | \$ (461,305) | | | | \$ (5,800) | | | | \$ (3,280,388) |
| 36 | | | | | | | | | | | |
| 37 | PREPA Non-F&PP Base Rate Revenue Deficiency | \$ 184,572 | | | | | | | | \$ (12,786) | \$ 171,786 |
| 38 | | | | | | | | | | | |
| 39 | PREPARC Securitization (Transition Charge) Revenue Requirement | | | | | | | | | | |
| 40 | Debt Service for Securitization | \$ 394,237 | | | | | | | | | \$ 394,237 |
| 41 | Gross-Up for Collections Lag and Uncollectible Rever | \$ 109,027 | | | | | | | | | \$ 109,027 |
| 42 | PREPARC (SPV) Revenue Requirement | \$ 503,264 | | | | | | | | | \$ 503,264 |
| 43 | | | | | | | | | | | |
| 44 | Total PREPA and PREPARC Revenue Requiremen | \$ 3,501,119 | | | | | | | | \$ 454,319 | \$ 3,955,438 |